

**Before the
Federal Communications Commission
Washington, D.C. 20554**

In the Matter of)	
)	
Federal-State Joint Board on)	CC Docket No. 96-45
Universal Service)	

**WorldCom, Inc.
Comments**

Introduction

In its Further Notice of Proposed Rulemaking, released April 30, 2001, the Commission proposes to give funding priority to requests for internal connections made by schools and libraries that did not receive funding commitments for internal connections during the previous funding year.¹ The Commission also proposes various administrative changes to facilitate the process of performing and completing internal connection work. WorldCom, Inc., (“WorldCom”) takes this opportunity to comment on the Commission’s proposals

¹In the Matter of Federal-State Joint Board On Universal Service, (“Internal Connections FNPRM”), CC Docket No. 96-45, Released April 30, 2001, at ¶ 1.

The Commission Should Maintain Its Existing Funding Priorities

The Commission cites estimates from the Administrator of the Universal Service Fund (“Administrator”) that there will be about \$900 million dollars available for priority two requests for Year 4 of the erate program, after funding priority one services. The Commission notes however, that requests for internal connections amount to approximately \$3.85 billion.² Consequently, under the existing priority mechanism, only the most needy applicants will qualify for priority 2 funding.

The Commission is concerned that applicants eligible for 90 percent discounts could receive funding commitments on internal connections for two years in a row, while other schools who are also economically disadvantaged, albeit not to the same degree, could receive no discounts. To remedy this alleged inequity, the Commission proposes to prohibit any school or library from receiving funding for internal connections two years in a row.³ WorldCom does not support this proposal.

The Commission’s current rules of prioritization rightly give precedence to the neediest schools and libraries. If these schools have legitimate requests for internal connection funding that would permit them to receive funding for such projects in consecutive years, it must mean either: 1) that they did not receive enough internal connection funding in previous years to

²Id., at ¶ 6.

³Id., at ¶ 10.

complete a legitimate internal connection project, or 2) that the Commission has been too liberal in the facilities eligible for internal connection funding, and schools are upgrading beyond what is necessary to provide connections to the internet.

If the requests are legitimate, the Commission's proposal would penalize the neediest schools and libraries in favor of less needy schools. If the requests are legitimate, and the poorest schools need two or more years of internal connection funding in order to complete the project, the Commission's proposal would have the effect of further delaying the completion of internal connections to the nation's neediest schools and libraries. The Commission's proposal is not in keeping with the Joint Board's recommendation to establish greater discounts for the most economically disadvantaged schools and libraries.⁴ The Commission asserts that its proposal would be "...targeted to the schools and libraries with the greatest need."⁵ But the Commission fails to discuss the reason it believes less needy schools are in greater need. The Commission's logic leads one to conclude that it does not believe that the neediest schools requesting funding for internal connections two or more years in a row really have legitimate claims. If that is true, the Commission needs to review the internal connection facilities it is funding, rather than use *ad hoc* administrative procedures to deny legitimate funding requests.

⁴Recommended Decision of the Federal-State Joint Board on Universal Service, ("Recommended Decision"), CC Docket No. 96-45, 12 FCC Rcd, released, November 8, 1996, at 367.

⁵Internal Connections FNPRM at ¶ 11.

The Commission may also be over-reacting to the mismatch between internal connection requests and funds available to meet those requests. This is the first year internal connections will account for less than 50 percent of available allocations. In 1999 internal connections accounted for 57 percent of available funds. In 1998 internal connections accounted for 62 percent of available funds, and in 1997 they accounted for 53 percent of erate funds.⁶ No doubt, in coming years internal connections will again account for a greater percentage of erate funding requests, and the Commission will have more funds available to match these requests than in the current funding year.

The Commission Should Modify Schedules For Completing Non-Recurring Services to Permit Work to be Completed in a Timely and Efficient Manner

The Commission notes that, for reasons outside their control, schools often do not complete work for non-recurring services before the end of the funding year in June. To remedy this problem, the Commission proposes extending the deadline for completing work for non-recurring services for Year 3 applicants, and all subsequent Year applicants, from June to September. This will permit work to be completed during summer months when work can be completed with less interference.⁷ The Commission also proposes to extend the bidding deadline to correspond to these extended periods.⁸ WorldCom supports these proposals.

Conclusion

For the reasons set forth in these comments, the Commission should adopt WorldCom's

⁶USAC, Schools and Libraries Support Mechanism, 2000 Annual Report, Appendix B.

⁷Internal Connections FNPRM at ¶¶ 13, 15.

⁸Id., at ¶ 18.

recommendations.

Sincerely,

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Statement of Verification

I have read the foregoing and, to the best of my knowledge, information and belief, there is good ground to support it, and it is not interposed for delay. I verify under penalty of perjury that the foregoing is true and correct.

Executed on May 23, 2001

Fenster

Larry

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